



## **HOME Applicant Questions & Answers – 2013 August Round (Rental without Tax Credits & TBRA Only)**

### **GENERAL QUESTIONS**

**1. If a developer is submitting multiple applications for both the HOME Rental and the HOME TBRA programs, is there a capped amount that can be awarded a single developer across the two HOME programs this August 2013 round?**

No, there is no single developer or Subrecipient cap in place.

**2. With the question regarding lobbyist information H-7 disclosing of lobbying activities: Hope Haven is a member of IACP (Iowa Association of Community Providers). They have lobbyists through PAC, so do we need to complete the lobbying form. Hope Haven does not hire these lobbyists directly.**

Yes, if your organization is a member of an association that has a federal lobbyist, please fill out the form.

### **RENTAL WITHOUT TAX CREDITS**

**1. It appears from my review of the August 2013 HOME Rental application that you are not requiring a property appraisal as a required exhibit. Is this correct or am I missing something?**

There is not a requirement to supply an appraisal at the time of application. A qualified appraisal identifying the market value and supporting the acquisition price must be submitted and approved prior to any real estate transaction. All rental projects require an appraisal (typically provided by the participating principal mortgage lender involved). The appraisal must be less than six (6) months old and must be provided to the project manager prior to purchasing the property.

If the project includes rehabilitation, the after-rehabilitation value of the property must also be determined.

**2. I am applying for 4 units so the way I understand, under 5 units do not need to meet the handicap or visually impaired units.**

Projects that have five (5) or more units are required to meet the handicapped and visually impaired requirements of Section 504.

**3. For a 3 bedroom unit in Sioux City, do I use 65% rent limit or which category do I use?**

The rent limit for HOME units is determined by the income restrictions selected for the unit. The Low HOME rent limit must be used in units designated for households at or below 50% of AMI, the High HOME rent limit will be used in units designated for households above 50% of AMI.

**4. The rent will not include the utilities. How much do I deduct from the rent?**

Utility allowances for the HOME Rental Program will be calculated using the HUD Utility Schedule Model found at <http://portal.hud.gov/hudportal/documents/huddoc>.

**5. I see the limits for a contractor fee but I did not see what the limit (is) for the project manager.**

The developer fee is limited to 10 percent of the total project cost. The cost for the project manager (person coordinating the build or rehab) would have to come from that fee.

**6. I am having a problem with the projected budget page; it's not picking up operating expenses or applying property taxes. Also on funding sources, when I put in tax abatement, it adds it to project costs which throw off the budget.**

On the "Projected Operating Costs" screen, you would enter each year of the property taxes. The information you enter on property taxes will transfer to the "Projected Cash Flow" screen. The "Total Operating Expenses" listed on the "Projected Operating Costs" screen will also transfer to the "Projected Cash Flow" screen.

In order for the "Projected Cash Flow" screen to show the proper values from the "Projected Operating Costs" screen, click SAVE on the "Projected Cash Flow" screen or the "Projected Operating Costs" screen.

The total amount of tax abatement can be used as match, but not a source of funds for the project.

**7. Are we required to have the site identified for the application? Our project will be in Rock Valley - but we have not acquired a site yet. The application requirements say that is OK as long as we do not purchase prior to an environmental - however the threshold checklist says applicant has site control up through the IFA board meeting date. And most of the application requires us to list a certain site. The city has shown interest in potentially donating a site, but we have no firm commitment and no address.**

Must have an owned site or one under contract to purchase.

**8. Since we do not have a site yet, I'm having trouble completing the market study information. I can explain general terms on the community... especially since the town is small. Will that suffice?**

No, must have a site specified.

**9. I want to be clear on the handicapped and visual/hearing requirement - I'm reading this as we do not have to meet this requirement because we are not building 5 units. Correct?**

No federal requirement if under 5 units. Must meet local or state building codes that apply.

**10. Is there a requirement for how much annual replacement reserves we have? I know the start up reserves is 18 month...**

Information from Appendix E:

Operating/Replacement Reserve - The operating reserve will be \$350 per unit per year through the HOME compliance period. The reserve shall be used to cover operating deficits and capital expenditures. The applicant must include a narrative explaining how the operating/replacement reserve will be established. Evidence of the functioning reserve must be provided to IFA annually throughout the compliance period.

Rent-Up Reserve - The project must establish a rent-up reserve at the time that the project is completed. HOME funds can be used to fund the rent-up reserve, and this is strongly recommended. The calculation for the minimum rent-up reserve is:

Gross monthly rent amount for all units x 3 months

After each HOME unit has been rented at least once to a HOME income eligible household, the amount remaining in the rent-up reserve account shall be used to fund a replacement reserve.

**11. Does IFA require a certain % for income and expense inflation rate on the projected cash flow? Or is there a document somewhere that advises what rate should be used?**

Information from Appendix E:

Escalation of Income & Operating Expenses - Projects will be underwritten with income and operating expenses escalating, with a minimum spread of one percent

(1%) required between the income and expense escalators (expenses must increase at least 1% more than income annually.) For example, if income increases by 2% annually, then expenses must escalate by 3%.

#### TENANT-BASED RENTAL ASSISTANCE (TBRA)

**1. The “Self-Sufficiency Plan” requirement – do you either have a sample I could look at, or a list of requirements that the plan should address? I might also reach out to the City’s Section 8 FSS program to see if they have something I could model my plan on – does this seem appropriate?**

One of the goals of TBRA is that the client will eventually become self-sufficient and no longer need the assistance. The self-sufficiency plan will be addressed in the Administrative Plan that is required to be filed after a Subrecipient receives an award. The self-sufficiency plan would lay out how the Subrecipient will help their clients reach this goal.

**2. “Utility Deposits” – what are these exactly? Deposits that the utility company might require from the tenant to get the service turned on? I have not heard of Cedar Rapids utility companies requiring a deposit to turn on service, so this might not be applicable for one of our TBRA applications.**

Utility companies may require a tenant to supply a deposit prior to turning on the service. TBRA funds may be used to satisfy this deposit requirement. TBRA funds cannot be used to pay for arrearages (overdue debt) for a client who has unpaid utility bills.

**3. As a follow up question on this issue, if we want to be able to use the TBRA money to pay utilities, and even though we will not use money for deposits, should we make sure that we check the “Utility Deposit” boxes in the online application?**

You may choose to check the box if you want the flexibility to pay utility deposits in your program. TBRA funds cannot be used to directly pay for utilities of a tenant. TBRA programs must use the utility allowance schedule utilized in the Section 8 program by the local Public Housing Authority.

Ongoing utility expenses in TBRA programs are accounted for in utilizing the local utility allowances in the assistance calculation based on the utilities paid by the tenant. Here is a sample calculation and explanation of how utilities affect the calculations. (Sample calculation taken from HUD CPD Income Eligibility Calculator) available [here](#).

15. 30% of Monthly Adjusted Income:	\$76.50
18. Total Tenant Payment (> of lines 15, 16 or 17)	\$76.50
19. Contract Rent to Owner:	\$700.00
20. Utility Allowance:	\$100.00
<b>21. Gross Rent</b> (line 19 plus line 20):	\$800.00
<b>22. Tenant Rent</b> (line 18 minus line 20): <ul style="list-style-type: none"> <li>•If Utility Allowance is greater than Total Tenant Payment, Tenant Rent is zero, and the difference becomes the Utility Reimbursement to Tenant or to the utility company.</li> </ul>	\$0.00

<b>23. Utility Reimbursement to Tenant or to the utility company</b> (only if line 20 greater than line 18):	\$23.50
<b>24. PJ Payment to Owner</b> (line 19 minus line 22):	\$700.00

**4. The TBRA Guide indicates that the TBRA Administrative Plan must state that the “vouchers are portable” – what does that mean exactly? Are the TBRA grants for each family sometimes referred to as vouchers? We are interpreting this as the TBRA grants for each family are transferrable to other units – i.e., the money will follow the household wherever they move. Am I understanding all of this correctly?**

TBRA is required to be portable; it cannot be tied to any specific real estate. The assistance goes with the person not the property.

**5. Do you recommend that we update our letters of reference and the Public Housing Authority Waiting List number and letter from the most recent TBRA application cycle? (Our letters are dated January 2013)**

Yes, please update your letters.

**6. Do you have a recommended range for cost per family unit to incorporate into the budget?**

There is no recommended range for costs per family unit as the expenses per client will vary significantly depending on the income level targeted. The maximum amount that the HOME TBRA may pay to assist any given household is the difference between 30 percent of the household’s adjusted monthly income and a reasonable rent, as determined by the Subrecipient.

**7. Is there a recommended total budgetary request range?**

No, currently there is no limitation on awards for TBRA applications. The application would have to show conclusively that there is a need for the assistance. If the need can be shown and the applicant has the capacity to run the program, the applicant should request an amount that can be expected to be expended in two years.

**8. Page 22 of the TBRA Guide states: “The lease between the owner and the tenant in a HOME-assisted property must be for at least one year, unless by mutual agreed upon by the tenant and the owner.” If the least is less than a year, will you require any additional documentation to support the “mutual agreement” outside of the executed lease?**

The policy is that the initial lease with TBRA assistance, whether rent assistance or deposit assistance, must be one year (HUD’s actual intention for the program). Subsequent leases can be for other agreeable terms, a lease signed by the landlord and tenant will be sufficient to show the agreeable terms. However, the TBRA assistance will end should the lease between the two parties expire.

**9. Does the TBRA program require the subrecipient to create an Affirmative Fair Housing Marketing Plan utilizing the HUD Multifamily Housing form (or any other HUD prescribed form)?**

No, there is no required form or AFHM Plan due with the application. You will have to submit an acceptable tenant selection plan along with the administrative plan prior to funding should you receive an award.

**10. Can funding from a local housing trust fund count as match for the HOME TBRA program?**

Yes, any non-federal source of funds can be used as match as long as the applicant can prove that the funds are being used to support the TBRA program.

**11. Question 17 in the Project Name and Description section of the TBRA application asks to “List the minimum tenant dollar contribution established for the project”. Page 5 of the TBRA guide states that the subrecipient can establish either a dollar figure or a percentage of income. We are interested in setting this minimum as a percentage of income, but the online form will not accept that answer. It responds with an error message that the field “Must be an Integer”. Could you provide guidance on how to complete that field if our answer is not a dollar figure?**

IFA has revised the TBRA application so that the user can now enter a dollar amount or a percentage of income.

**12. Under the funding and match section, it gives a drop down for the types of match; it lists donated labor and one other choice. We are not asking for or getting any match but it will not save unless something is put in that dropdown. How do you handle this?**

On the “Funding Sources & Match” screen, if you add a funding source and initially select “No” for “Used for HOME Match?” it does not require you to select something from the “Type of Match” dropdown. However, if you initially selected “Yes”, clicked on SAVE, then tried to edit that funding source to say “No” for “Used for HOME Match?” it does ask you to select something from the “Type of Match” dropdown which is a glitch. If this happens, go ahead & select something from the dropdown. The system will not register it as match even though you select something from the “Type of Match” dropdown as long you answered “No” for “Used for HOME Match?”

**13. What do we need for the exhibits sections Utilities and Rent Standards? What specific information are they wanting us to include?**

Provide a copy of the current local PHA Utility Allowance Schedule to satisfy the Utilities Exhibit requirement. If you intend to utilize the Section 8 FMR’s as your rent standard, you will need to upload a copy of the FMR’s that apply to your target area. If your local PHA has a payment standard or exception rents that you wish to utilize as the rent standard, you will need to upload a copy of the applicable payment standards.

**14. To assist in completing the Project Timetable, can you tell us what month/year awards would be made?**

You may label your Project Timetable as 01/2013 for your first month, 02/2013 for the second month, etc. The timetable for awards is predicated on how many applications are submitted and the quality of the applications.

**15. So long as the gross rent meets rent reasonableness and rent comparability, are we able to use the PHA’s HCV Payment Standard for determination of the rent subsidy or are we bound to the FMR’s?**

The newly released HOME rule that will apply to awards under this round requires the rent standard to be calculated based on the Section 8 Housing Choice Voucher Program regulations found in 24 CFR part 982 which allows both alternatives as well as allowing use of HUD approved exception area rents.

**16. This is the first time we have considered applying for TBRA funds. Some of the previous Q & A’s referenced a webinar. Is there an archived webinar that can be viewed that provides further explanation of this program/application process?**

The webinar was not recorded, but the presentation that was discussed is available at this link <http://www.iowafinanceauthority.gov/File/DownloadFile/1535>